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Message Text

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187
ORIGIN ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 OES-03 L-02 H-02

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 /076 R

DRAFTED BY ARA/APU:JMSMITH:MMG
APPROVED BY ARA:WGBOWDLER
ARA:AMB. RYAN
---------- 006488
R 192057Z MAR 75
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: EINV, AR

SUBJECT: ITT ARGENTINE SUBSIDIARY CSEA

REF.: BUENOS AIRES 1054

1. MESSRS. GUILFOYLE AND GARDNER OF ITT CALLED ON AMB. BOWDLER AND AMB. RYAN MARCH 18 TO DISCUSS THEIR RELATIONS WITH GOA SINCE ISSUANCE OF DECREES 259 AND 260 IN EARLY FEBRUARY. THEY SAID ISSUANCE OF DECREES PROVIDING FOR ARGENTINIZATION OF CSEA AND CANCELING ITS CONTRACT WITH ENTEL HAVE WEAKENED CSEA'S POSITION WITH BANKING COMMUNITY AND HAVE LEFT LITTLE OR NO WORK FOR COMPANY'S 2300 EMPLOYEES. TO MAKE MATTERS WORSE, MINISTRY OF LABOR HAS CHALLENGED LEGALITY OF VOLUNTARY SEPARATION OF SOME 2000 WORKERS WHO ACCEPTED TERMINATION BONUSES OF TWO YEARS PAY.

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2. GUILFOYLE SAID HIS MARCH 6 MEETING WITH GOMEZ MORALES

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WAS FRUITLESS BECAUSE LATTER TOOK POSITION THAT WITH ISSUANCE OF DECREES BY THE EXECUTIVE POWER THIS MATTER HAS BEEN TAKEN OUT OF HIS HANDS AND THAT HE COULD TAKE NO FURTHER ACTION UNTIL COMMISSION ESTABLISHED BY DECREE 259 HAS MADE ITS DECISION. ITT IS DISMAYED THAT SIX WEEKS AFTER ISSUANCE OF THE DECREE THE COMMISSION HAS NOT YET BEEN CONSTITUTED. ITT IS WILLING TO NEGOTIATE SALE OF UP TO 100 PER CENT CSEA AND TO CONCLUDE ARRANGEMENT FOR THE

CONTINUED PROVISION OF TECHNOLOGY TO CSEA AFTER NATIONAL-IZATION, BUT IS FRUSTRATED AT HAVING NO ONE WITH WHOM TO TALK.

3. GUILFOYLE SAID THAT IN VIEW OF GOMES MORALES' DECLARA-TION THAT THE MATTER IS IN THE HANDS OF THE EXECUTIVE POWER, ITT HAD ATTEMPTED TO OBTAIN APPOINTMENT WITH SECRETARY TO THE PRESIDENT LOPEZ REGA, BUT WITHOUT SUCCESS. HE ASKED THAT THE DEPARTMENT REQUEST YOUR INTERVENTION TO SEEK SUCH AN APPOINTMENT.

4. UNLESS YOU CONSIDER IT ILL-ADVISED, YOU SHOULD ASSIST ITT TO OBTAIN APPOINTMENT WITH LOPEZ REGA FOR ITT REP CHARLES SILVER, WHO IS CURRENTLY IN BUENOS AIRES, OR WITH MR. GUILFOYLE, WHO WOULD BE PREPARED TO FLY DOWN FROM NEW YORK ON SHORT NOTICE. INGERSOLL

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